

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 28, 2006, Work Session**

AGENDA ITEM NO.: **7**

CONSENT: REGULAR: **X**

CLOSED SESSION:
(Confidential)

ACTION: **X** INFORMATION:

ITEM TITLE: **Amnesty Program for Delinquent Personal Property Tax**

RECOMMENDATION: Adopt a resolution to approve an amnesty program for the collection of delinquent personal property taxes.

SUMMARY: The Personal Property Tax Relief Act (PPTRA) has evolved through State legislation over the past eight years. For the past four years, the relief has been set at 70% with the citizen paying 30% of the tax. The City received the relief from the State after the citizen paid their 30% to the City. For the 2006 tax year, the amount of relief has been capped by the State at \$950 million for the entire Commonwealth. The City of Lynchburg is estimated to receive \$5.8 million of this amount whether the citizen pays their tax to the City or not. In regard to delinquent tax years, the State set a budget allocation of \$24 million for localities to draw from as delinquent taxes are collected from citizens. This allocation expires on September 1, 2006 or when the funds are exhausted, at which point citizens will become responsible for 100% of the tax.

To help encourage citizens to take advantage of the State relief while it is available, a personal property tax amnesty program is recommended for April 3 through April 14, 2006. During this two week period, if a citizen pays all delinquent personal property tax owed, the City will waive the penalty and interest that is due for those tax years. The citizen will still have to pay any fees owed for the Vehicle Registration Withholding Program (DMV Stop) and an administrative fee of \$30. If a lien is in place, an additional \$30 fee is also due.

PRIOR ACTION(S): Mayor/Vice Mayor meeting February 7, 2006

FISCAL IMPACT: Collection of all delinquent personal property tax since 2001 would generate \$1.2 million in revenue; however, it is unlikely that all of this would be collected during an amnesty program. Penalty and interest revenue that would be lost equals approximately \$1.1 million. If the tax is not paid during the two week amnesty period, the City will continue to pursue collection efforts for all delinquent taxes.

CONTACT(S): Donna S. Witt, Interim Director of Financial Services, 455-3968

ATTACHMENT(S): Resolution

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED that the Lynchburg City Council hereby adopts an amnesty program for the collection of delinquent personal property taxes to occur April 3 through April 14, 2006.

Adopted:

Certified:

Clerk of Council

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